

MAR 31 1997

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MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (ACQUISITION AND
TECHNOLOGY)
PRINCIPAL DEPUTY UNDER SECRETARY OF DEFENSE
(ACQUISITION AND TECHNOLOGY)
DIRECTOR, DEFENSE PROCUREMENT
DEPUTY UNDER SECRETARY OF DEFENSE
(ACQUISITION REFORM)
ASSISTANT SECRETARY OF THE ARMY (RESEARCH,
DEVELOPMENT AND ACQUISITION)
ASSISTANT SECRETARY OF THE NAVY (RESEARCH,
DEVELOPMENT AND ACQUISITION)
ASSISTANT SECRETARY OF THE AIR FORCE (ACQUISITION)
DIRECTOR, BALLISTIC MISSILE DEFENSE ORGANIZATION

SUBJECT: Single Process Initiative (SPI) Quarterly Report, January-March, 1997

As requested in your letter of December 8, 1995, we have prepared the attached SPI quarterly report for the period ending March 28, 1997, describing the progress achieved in replacing multiple government-unique management and manufacturing requirements in existing contracts. The report contains an overview of the latest SPI statistics, including estimated annual savings/cost avoidance and negotiated consideration. Also included is updated information on the following topics: prime and subcontractor relationships, increasing contractor involvement, SPI and new procurements, Acquisition Reform Week activities, and more.

Should you have any questions or concerns regarding information contained in the attached documents, please contact Ms. Marialane Schultz, SPI/Block Change Management Team Leader at (703) 767-2471.

//SIGNED//
ROBERT W. DREWES
Major General, USAF
Commander

Attachment

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SINGLE PROCESS INITIATIVE QUARTERLY REPORT

January 1, 1997 - March 28, 1997

prepared by
The Defense Contract Management Command
(DCMC)

March 28, 1997

Single Process Initiative

Quarterly Report

(January 1 - March 28, 1997)

Introduction

At the beginning of this quarter we began laying the groundwork to shift our focus toward several strategic goals that are intended to maximize the potential of Single Process Initiative (SPI). We launched several projects designed to increase contractor/supplier involvement in SPI, target processes that may derive significant return on investment, facilitate SPI participants' continued use of implemented improvements on future contracts, and expand the use of management councils beyond SPI. The activity summarized in this report provides an update of our progress in these areas, plus, it highlights our recent Acquisition Reform Week activities, including the first annual SPI recognition program.

Statistics

Below is a comparison of SPI activity from last quarter to the current quarter. Appendices A through J contain additional details on contractors participating in SPI, proposed processes submitted to date, modifications executed during the current reporting period, and more. Note that we have added a new quarterly report feature to Appendix B, which provides demographics of SPI workload activity by Service and by selected buying offices.

	<u>March 28, 1997</u>	<u>December 31, 1996</u>	<u>% Change</u>
Proposed processes	765	671	14%
Processes modified	376	243	55%
Contractors participating	160	136	18%
Companies with modifications	108	74	46%
Average cycle-time	129	113	14%

As reflected by the above summary statistics, activity levels are increasing steadily and block change modification rates are on the rise. A notable downturn, however, is the increase in the average cycle time from 113 days last quarter to 129 days this quarter for processing block changes. After careful analysis of SPI data and our probing of other root causes for the extended processing time, we discovered this increase is largely attributable to slow input of SPI ARZ block change modifications at the Mega Center, which works in conjunction with the Defense Finance and Accounting Service (DFAS). The Mega Center recently corrected software problems that hindered ARZ modification processing; however, a significant backlog of ARZ modifications remains. To preempt further delays, we have made arrangements with DFAS and the Mega Center to expedite input of SPI block change modifications. Additionally, we are monitoring other areas in the SPI process that may be causing slippages in meeting the 120 day goal.

In our last quarterly report, we discussed our efforts to target the top 200 Defense contractors that account for a significant portion of Defense sales (Appendix F). Since then, two more top 200 DoD contractors have joined the SPI program, bringing the count up to 30. These 30 corporations represent 112 of the 160 contractor facilities participating in SPI and collectively cover 66 percent (over \$51 billion)

of the top 200 contractors' Defense revenue. We have instructed our Contract Administration Offices (CAOs) in the field to use the top 200 data as a basis for their SPI outreach efforts. Additionally, we have established the Process Targeting Integrated Product Team (IPT) to develop a strategy for increasing participation among our existing SPI contractors and those top 200 contractors not yet participating in SPI. Details on the IPT are provided below.

Savings/Consideration

In November 1996, we issued guidance requiring our Administrative Contracting Officers (ACOs) to ensure that cost/benefit analyses (CBA) are contained in contractor concept papers, that appropriate reviews are performed, and that CBA information is reflected in their SPI activity reports. We have been working diligently to collect and analyze this data to track savings/cost avoidance resulting from SPI implementation. One area that is taking more effort and time than initially anticipated is collecting and compiling retroactive CBA data for processes modified prior to our November 1996 policy letter. Retroactive data will be folded into future SPI reports as it becomes available.

Though our information is incomplete, CBA data collected to date from Defense Contract Audit Agency (DCAA) and our CAOs reflect approximately \$102 million in estimated annual cost avoidance resulting from proposed SPI processes; up 200% from the \$34 million reported last quarter. Annual cost avoidance projections span various time frames ranging from one to ten years, depending on the facility and processes involved. Consequently, cumulative long-term cost avoidance within this range is currently estimated at almost \$320 million. As expected from the outset of implementing SPI, saving to current contracts is comparatively minimal at approximately \$7 million. We are continuing to press our field activities to provide us with the latest figures on negotiated consideration and future cost avoidance for incorporation into our SPI database.

Prime and Subcontractor Relationships

Last quarter we reported the results of the Prime and Subcontractor Relationships IPT and provided details on the its recommendations. The IPT recommended contractors use the existing SPI process to submit concept papers proposing an SPI subcontract enabling provision. This provision, when approved by the government and inserted into existing contracts, allows contractors the freedom to substitute government accepted subcontractor SPI processes in lieu of flowing down conflicting prime contract requirements.

On March 13, 1997, Lockheed Martin Tactical Aircraft Systems (LMTAS) in Fort Worth, Texas, executed the first block change to insert a "Subcontractor SPI Enabling Provision" into existing contracts. LMTAS also inserted a "Sister Company SPI Enabling Provision" to allow substitution of approved SPI processes at sister companies within the Lockheed Martin Corporation. This is a bold step toward allowing prime contractors added flexibility and control over how they manage their subcontracts. More importantly, the provision eliminates duplication of government technical reviews that now occur when attempting to implement an approved SPI process at the subcontract level.

LMTAS is not the only facility taking advantage of the SPI subcontractor enabling approach: Boeing Defense & Space Group in Wichita, Kansas; Lockheed Martin Aeronautical Systems in Marietta, Georgia; Lockheed Martin Electronics and Missiles in Orlando, Florida; Rockwell - Collins Avionics and Communications Division in Cedar Rapids, Iowa; and Texas Instruments, Dallas, Texas, have all

submitted SPI concept papers proposing the “enabling approach”. Based on interest so far, it appears this new provision may enable many contractors to overcome significant SPI hurdles. We will continue to monitor the application and impact, both positive and negative, resulting from this unprecedented approach.

Increasing Contractor Participation/Targeting High Payoff Processes

The Process Targeting IPT was chartered in March, 1997, to help us achieve the goals of increasing contractor participation and identifying processes that may offer substantial benefits in cost, schedule or performance. The Services, the DCMC, DCAA, the National Aeronautics and Space Administration (NASA), and the Federal Aviation Administration (FAA) are participating in the IPT. We have enlisted the expertise of DCMC’s Industrial Analysis Support Office (IASO) to provide technical and analytical services in support of the IPT’s activities. We will also invite industry representatives to participate and validate the IPT findings as they evolve.

The IPT held its first meeting on March 11, 1997, to outline the goals, objectives, procedures, and overall scope of the effort. The team will limit the scope of the analysis to the top 200 Defense contractors and will categorize these companies into industry sectors, such as communications/electronics, tank/automotive, aerospace, etc. Once sectors have been established and companies placed within them, the team will analyze data to identify which processes within each sector tend to drive product cost. The IPT will choose one sector as a prototype, identify processes that are major cost drivers in that sector, and use that information to target high payback processes. To kickoff the analysis, IASO provided the team with industry sector information, such as economic and procurement spending forecasts. This will be useful in selecting a sector prototype that appears to be well funded for the next few years (e.g., communications/electronics) in lieu of a sector that may be in decline (e.g., combat vehicles).

All of the information generated by the IPT will be used as part of our effort to increase participation in SPI. It will allow us to suggest processes that contractors may want to consider as candidates for improvement where substantial opportunity may exist to cut costs and improve efficiency. We will provide more details on our progress as this effort evolves.

FAA

The FAA recently announced its formal participation in SPI. In a policy memorandum dated January 22, 1997, Dr. George L. Donohue, Associate Administrator for Research and Acquisitions, fully endorsed the initiative. His memorandum sets forth FAA’s participation on local management councils and encourages the adoption of single processes. The Office of Communications, Navigation, and Surveillance Systems is identified as the office of primary responsibility within FAA to oversee SPI implementation. This is an important step toward expanding SPI to encompass specs and standards imposed by other government organizations. Such expansion will increase our opportunity to maximize SPI’s potential.

DCMC SPI Video Teleconferences (VTCs)

On March 13, 1997, the SPI Management Team conducted a VTC with its DCMC district SPI focal points and SWAT team members. This was the first of biweekly VTCs that will be used to communicate

program goals and objectives, promote sharing of information and facilitate issue resolution. VTC discussions centered around finding ways to reduce the average cycle time for approving and implementing concept papers and promoting contractor participation in SPI. Delineation of SPI responsibilities among headquarters, district, and field activities was also discussed. During the VTC, our Defense Contract Management District East (DCMDE) announced the establishment of their new SPI home page (<http://131.66.98.96/dcmde/spi.htm>). Our next VTC is scheduled for April 8, 1997. We aim to use the VTCs to enhance communication, address emerging problems immediately, and ensure we are all working toward common goals/objectives.

NASA

Twenty-five NASA contractors have submitted concept papers involving 187 contractor processes. There are also an unknown quantity of NASA subcontractors who have submitted concept papers through their prime contractors. This dramatic growth in NASA involvement can best be described as painful success. The review and coordination process is consuming more time and resources than NASA originally anticipated. As a result, the Centers have asked for improvements in the way concept papers are received, reviewed, and coordinated. We are in the final stages of issuing guidance to institutionalize these improvements. In the meantime, we are effectively utilizing our DCMC Customer Liaisons to close the communication gap and expedite the coordination process.

International SPI Activity

During this quarter, Defense Contract Management District International (DCMDI) reported block change modifications had been executed involving companies located in the United Kingdom and Canada. DCMC Northern Europe and GEC Marconi, United Kingdom signed 23 block change modifications in January affecting multiple quality system requirements. The Northern Europe - GEC Marconi Management Council received an SPI Award from Dr. Kaminski during Acquisition Reform Week for their success in overcoming complex host nation and international agreement issues.

On March 13, DCMC Americas signed its first SPI modification with Canadian Commercial Corporation. The no cost modification, "Government Review/Acceptance of Technical Data Packages," was signed by Mr. Paul Gustowski, DCMC Americas ACO, and Mr. Brian Brand, Senior Engineering Procurement Officer, Canadian Commercial Corporation. This modification affected the U.S. Army Tank Automotive & Armaments Command (TACOM) Light Armored Vehicle (LAV) production contract. The LAV contract is valued at \$1.2 billion which represents 75% of Canadian Commercial Corporation's U.S. military contract work. Benefits of the modification include elimination of preliminary Engineering Change Proposals (ECPs), duplicate ECP requirements, limited rights requirements, engineering release records, configuration status accounting reports, and Contract Data Requirements List (CDRL) deliverables.

The SPI Management Team joined with DCMDI to develop an educational briefing to spread the word on Management Councils to the international community. The briefing addresses the evolution of the Management Council as an initiator of acquisition reforms, team member responsibilities, and best practices in preparing concept papers resulting in substantive block change modifications. DCMDI is engaging to present this briefing around the world to our overseas field activities.

SPI and New Procurements

The Law/Regulation IPT forwarded a proposed Defense Federal Acquisition Regulation Supplement (DFARS) Case to the Defense Acquisition Regulatory (DAR) Council on February 7, 1997. The proposal is intended to facilitate contractor use of alternative processes, including those approved under SPI, on future procurements. Prior to formally opening a case, the DAR Council Director circulated our proposal within the Office of the Secretary of Defense (OSD) for comments. This coordination cycle resulted in the Chairman of the Defense Standards Improvement Council (DSIC) asking the DAR Council Director to suspend any further action on the proposed DFARS Case until DCMC could brief the DSIC on the need for such DFARS coverage.

On March 14, 1997, the SPI Team presented information to the DSIC on the impact of buying activities that continue to cite previously canceled specifications and standards in solicitations; specifically, that contractors with approved SPI processes cannot apply those improvements to new work and may have to revert back to maintaining multiple processes to accommodate the outdated requirements. We provided 300 examples where buying offices used old specs and standards in recently released solicitations as evidence that the problem is widespread and warrants DFARS coverage to prevent this from perpetuating.

We closed the briefing with a two-part solution to the DSIC--the proposed DFARS Case and a proposed Under Secretary of Defense (Acquisition & Technology) (USD(A&T)) memorandum to Component Acquisition Executives (CAEs), requesting them to structure solicitations that will facilitate the use of approved SPI processes. DSIC supported the proposed CAE memorandum, however, they remained firm on suspending further processing of the proposed DFARS Case for a period of at least 6 months to evaluate the impact of implementing the CAE policy memorandums. We are currently in the process of revising our DFARS case to narrow the applicability to encompass only approved SPI processes and intend to submit this revised version for reconsideration.

Acquisition Reform Acceleration Week

We conducted a variety of SPI activities during Acquisition Reform Acceleration Week (AR Week). Headquarters DCMC hosted four training sessions at Ft. Belvoir on the future direction of SPI. The sessions were greatly enhanced by having guest participants from OSD, DCAA, Naval Air Systems Command (NAVAIR), and NASA. Their perspectives and real-world experiences clearly demonstrated that complex issues and concerns can be effectively reconciled using the management council when reviewing proposed SPI processes. They provided important insights on lessons-learned and effective strategies that can be employed to enhance SPI implementation.

At our field offices, accelerating the pace of SPI was the topic of case studies and round table discussions aimed at addressing current SPI challenges, such as increasing supplier involvement and ensuring that new procurements allow for the use of accepted SPIs. A video featuring SPI progress to date, perspectives from various management council members and future direction of the program were distributed throughout DCMC and the services to complement various SPI training activities. Preliminary feedback from field indicates that the SPI sessions were extremely valuable and helped to clarify SPI future goals and objectives. Additional highlights of AR Week activities conducted across the nation by the DCMC CAOs and the Services are featured under enhancing awareness.

SPI Recognition Program

On March 12, 1997, in concert with the opening ceremony for AR Week, DCMC hosted its first annual SPI Recognition Program to recognize management councils who are making outstanding contributions to advance SPI objectives. We were pleased to have several industry and government representatives as our honored guests at the award ceremony held at Ft. Belvoir (Appendix K). This year, nine management councils were selected to receive awards in five categories as follows:

Technical Innovation

- Raytheon Electronic Systems, Bedford, MA
- Lockheed Martin Tactical Aircraft Systems, Fort Worth, TX

Supplier Mentoring

- United Defense Limited Partnership, York, PA
- Texas Instruments, Dallas, TX

Business Re-engineering

- Raytheon Electronic Systems, Bedford, MA
- Hughes Missile Systems Company, Tucson, AZ

Best International Facility

- GEC-Marconi Avionics Limited, Kent, UK
- GEC-Marconi Sensors Limited, Essex, UK

Best Practice "Re-Treader"

- Lockheed Martin Missile & Space, Sunnyvale, CA
- Boeing North American, Autonetics & Missile Division, Tactical Missile Systems, Duluth, GA

Enhancing Awareness

We continue to conduct a myriad of education and outreach activities designed to raise awareness of SPI at the working level both within government and industry. Highlights of activities conducted during the quarter, including those in support of AR Week activities, are provided below:

- On January 14, 1997, a member of the SPI Team briefed the National Security Industrial Association (NSIA) Management Systems Subcommittee on the progress made and lessons learned in implementing commercial-based management processes. The briefing proved to be especially relevant to the Management Subcommittee's efforts to streamline cost/schedule reporting and to expedite the transition to the newly adopted industry guide for earned value management. In recognition of the program's potential, the Subcommittee is developing a strategy to encourage their membership to use the SPI to improve operational efficiency and effectiveness.
- On January 16, 1997, a member of the SPI Team provided the Aerospace Industries Association (AIA) Engineering Management Committee with an update on SPI progress. The discussion focused on contractor ownership of manufacturing and management processes as an underlying principle of specifications and standards reform. The Engineering Management Committee was keenly interested in efforts being taken to drive SPI down to lower-tier suppliers. The members stated that including suppliers in the SPI process is essential to achieving real savings.
- On January 17, 1997, we conducted a workshop on cost benefit analysis for the Valley of the Sun SPI Group in Phoenix, Arizona. The group was formed in November 1996 to share information on SPI implementation and consists of four contractors: Motorola, Allied Signal, McDonnell Douglas, and Honeywell. In addition to cost benefit analysis, agenda topics included SPI manufacturing initiatives, supplier communications for SPI, incorporating SPI in new solicitations, and sharing the status and details of SPI concept papers currently in process.

- A member of the SPI Team met with AIA Quality Assurance Committee in February to discuss SPI issues/concerns, share implementation ideas, and to present an update on current SPI activities. During the interchange, the group highlighted three major areas of concern: (1) opportunities to use approved SPI processes on future contracts, (2) FAA's involvement in SPI, and (3) consistency in performing cost benefit analyses. To address these concerns, the group was briefed on the DFARS case that DCMC and the Block Change Management Team are jointly sponsoring to facilitate contractor use of approved SPI processes on future contracts, the FAA's recent release of a policy letter proclaiming its commitment to SPI and its intention to team with DoD to broaden program implementation, and the DCMC policy letter on cost benefit analysis and ACO responsibilities for conducting such analyses. We agreed to work closely with AIA to further explore areas where additional attention is required to address concerns.
- DCMC Phoenix and DCMC Phoenix-Albuquerque hosted AR Week conferences for their contractors on March 17 and March 18, respectively. SPI was a featured topic at both conferences, which drew over 100 predominantly medium size contractors. Mr. David Drabkin of the OSD Acquisition Reform Office and Sydney Pope of the DCMC SPI Team were featured speakers.
- On March 24, 1997, the SPI Team joined with Program Executive Office (PEO), Air and Missile Defense in Huntsville, Alabama, for an SPI Workshop. The purpose of the workshop was to elevate awareness of SPI among the technical personnel in PEO project offices. The workshop brought together key personnel from PEO Air and Missile Defense and prime contractors from their ACAT I programs. The workshop also included attendees from U. S. Army Missile Command (MICOM) and Redstone Arsenal.
- On March 25, 1997, a member of the SPI Team briefed the Air Force Materiel Command (AFMC) Director's Conference held at Wright-Patterson AFB on the future goals and objectives of SPI. During the presentation and following discussion, special emphasis was placed on the steps being taken to ensure future procurements include language allowing contractors to propose processes approved under the SPI.
- On March 26, 1997, the SPI Team joined the DCMC Fort Worth office to host a seminar on SPI. The purpose of the seminar was to increase awareness among government and industry attendees of the importance of SPI as an acquisition reform tool. Additionally, the seminar focused on the practical benefits of establishing effective joint government/contractor management councils. The seminar was attended by several key contractors from the Dallas/Fort Worth area.
- The DCMC SPI Team recently completed arrangements to include SPI information in the Defense Acquisition Deskbook. The Deskbook is an automated acquisition information system providing DoD acquisition information that cuts across functional disciplines. The Deskbook is sponsored by the Deputy Under Secretary of Defense (Acquisition Reform) and the Director, Acquisition Program Integration, OUSD (A&T), to increase accessibility to acquisition policy and information within industry and Government. The newly added SPI information will be available in Version 1.4 of the Deskbook which is scheduled for release March 31, 1997, and can be located at the Deskbook web site: <http://www.deskbook.osd.mil>.

Sharing Successes

There has been a significant surge in the number of contractors sharing their non-proprietary SPI success stories and facility points of contact to field questions and provide any additional information. By design, this

endeavor serves as an SPI multiplier, allowing industry to build on SPI successes and build synergistic relationships to advance contractor participation in SPI. A summary of these modified concept papers is available under the SPI section of DCMC's Home Page (http://www.dcmc.dcrb.dla.mil/spi/f_block.htm).

Expanding the Role of Management Councils

Sixty-three of our 81 CAOs now have Management Councils in place. We have found that these councils are an excellent forum for accomplishing issues far above and beyond their SPI responsibilities. However, we are not fully utilizing this vehicle to maximize business planning, execution and exploring operational improvements. Major General Drewes, DCMC Commander, has declared that he wants all DCMC CAOs to place special emphasis on expanding the role of management councils during the quarter beginning April 1, 1997. During the first part of April, he will hold a VTC to lay down a challenge to DCMC District and CAO Commanders to devise plans for expanding the use of management councils.

Concluding Remarks

As our report indicates, we are intensely teaming with both industry and our customers to identify barriers to SPI implementation and to open channels of communication that will foster sharing of implementation successes and challenges. We have found that by keeping our "ear to the ground" through our various education and outreach activities, we can stay in-tuned to emerging problems or issues requiring immediate attention. This has been an important key to our success.

Appendix Index

Appendix	A	-	Executive Summary
Appendix	B	-	Charts
Appendix	C	-	Modifications Completed During Reporting Period
Appendix	D	-	New Contractors & New Company Acquisitions
Appendix	E	-	New Processes Submitted
Appendix	F	-	SPI Participation Compared to DoD Sales (Top 200 Analysis)
Appendix	G	-	Types of Process Changes
Appendix	H	-	Contractors in Program
Appendix	I	-	Contractors With Signed Modifications/Count of Processes Modified
Appendix	J	-	Count of Processes Currently In Work
Appendix	K	-	Honored Guests: SPI Management Council Award Ceremony
Appendix	L	-	NASA Executive Summary

APPENDIX A

Summary Report

As of: Thursday, March 27, 1997

Contractors Which Have Submitted Concept Papers:	160
Key Customer Notification Complete:	137
Component Team Leaders Identified:	117
Total Concept Papers Received:	686
Concept Papers Withdrawn:	90

**Concept
Papers**

**Proposal
Development:
Concept Paper
(30 Days)**

Concept papers may contain multiple processes

Total Proposed Process Changes:	765
Number Initially Accepted :	704
Not Accepted Within 30 Days of Initial Submission:	23

**Approval Cycle:
Customer
Notification and
Agreement/
Resolution of
Differences
(60 days)**

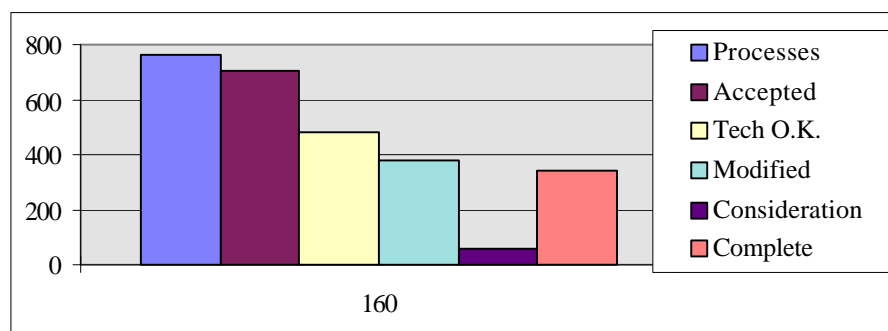
Found Technically Acceptable:					478
Found Unacceptable:					25
<i>Components objecting</i>					
AF	Army	Navy	DLA	DCMC	NASA
11	12	14	3	17	1
Disagreements/Problems Escalated:					1
Not approved within 60 days of Mgt Cncl Acceptance:					71

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**Modification
Issuance:
Negotiation of
Consideration
(30 Days)**

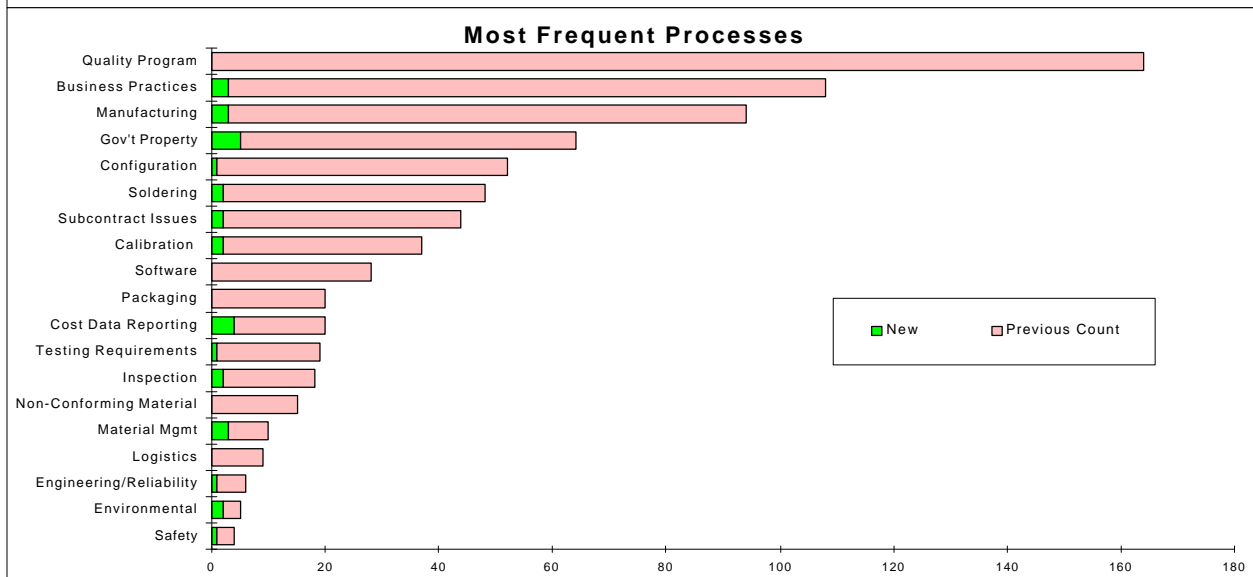
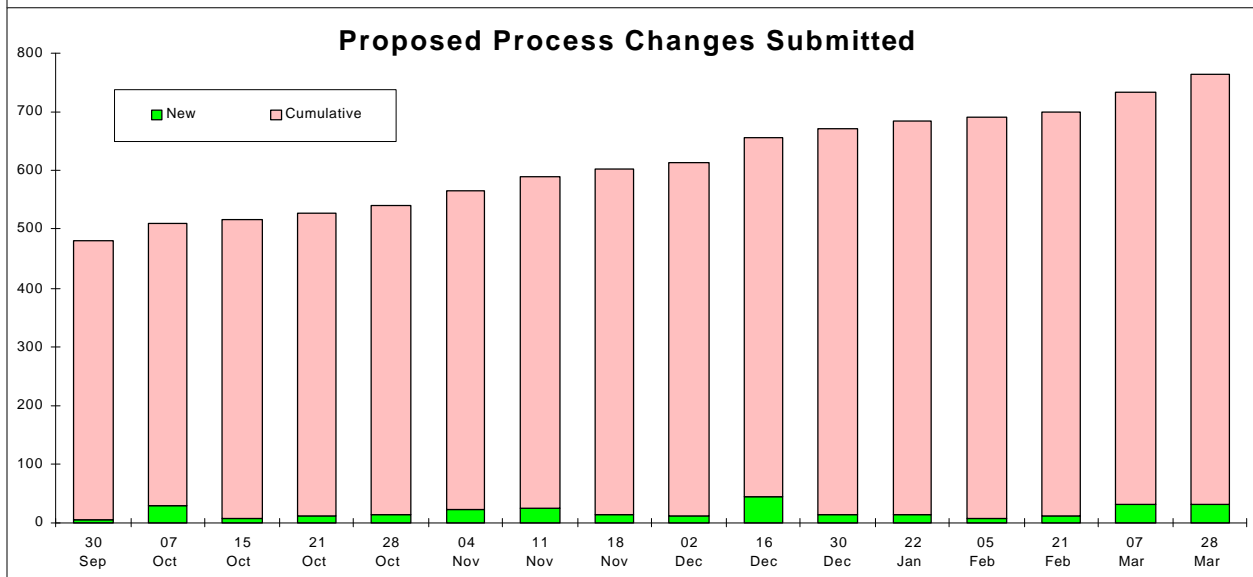
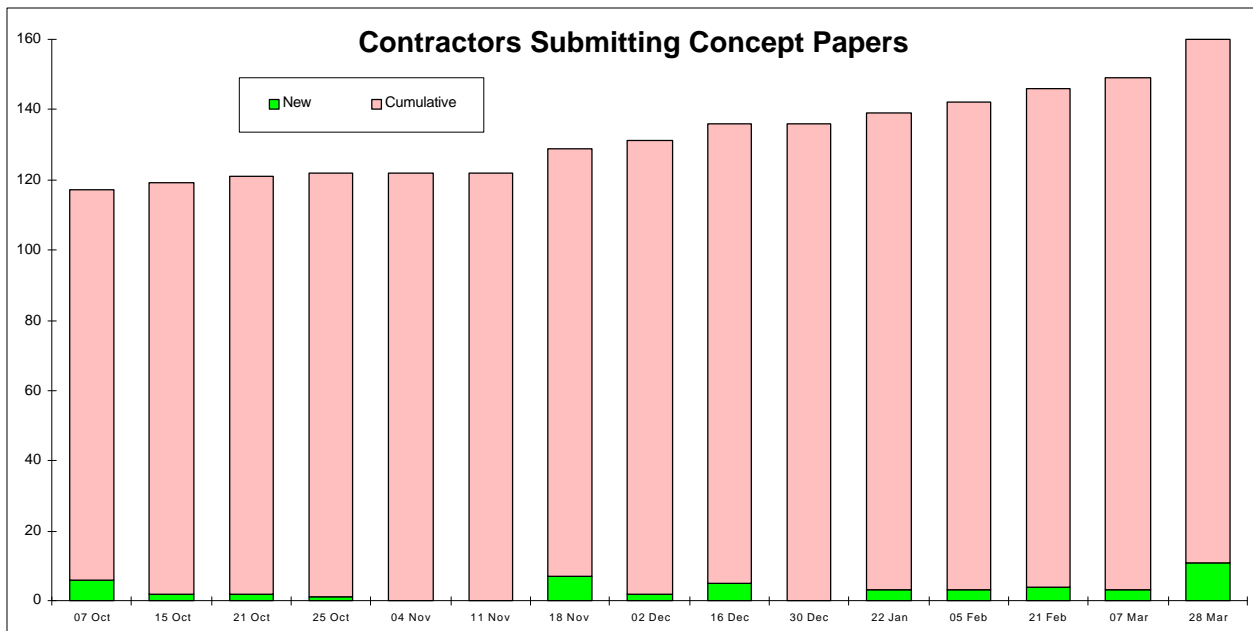
Processes Modified:	376
Not Modified within 30 days after Tech Acceptance:	72
Average Days From Submittal to Mod:	129

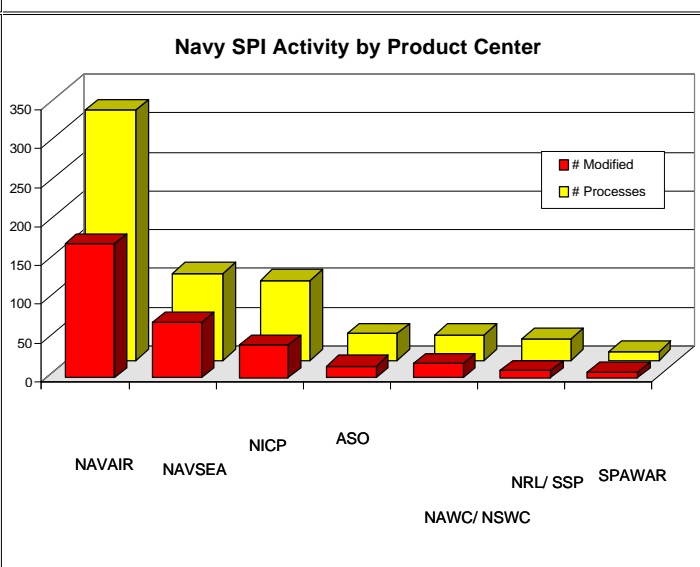
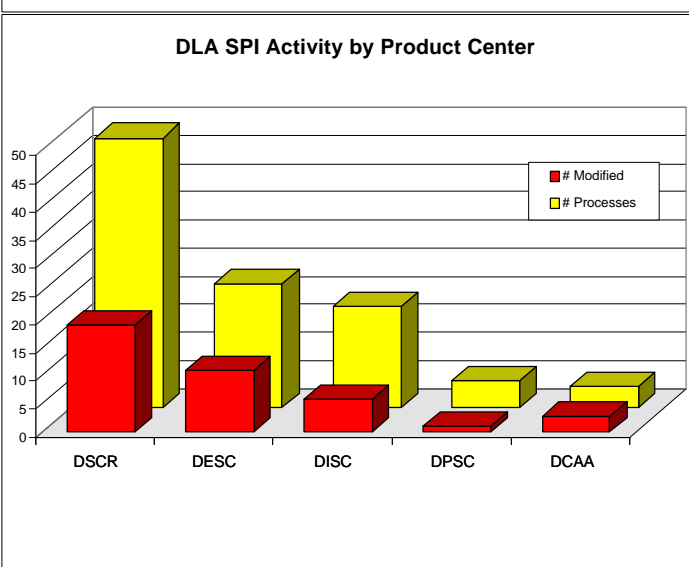
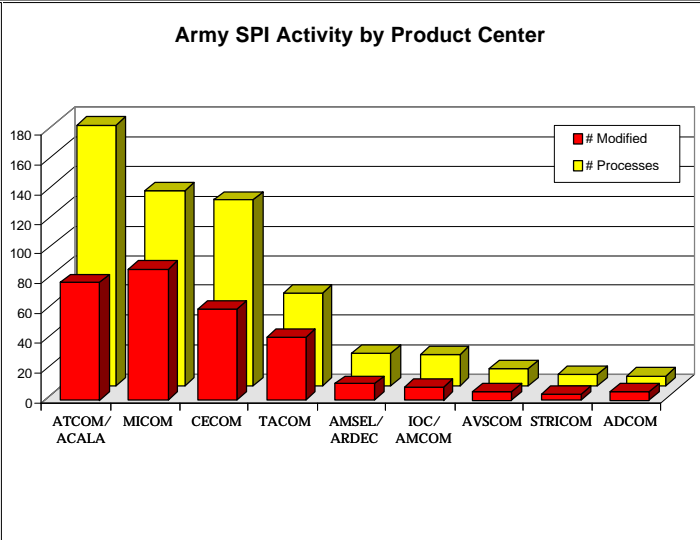
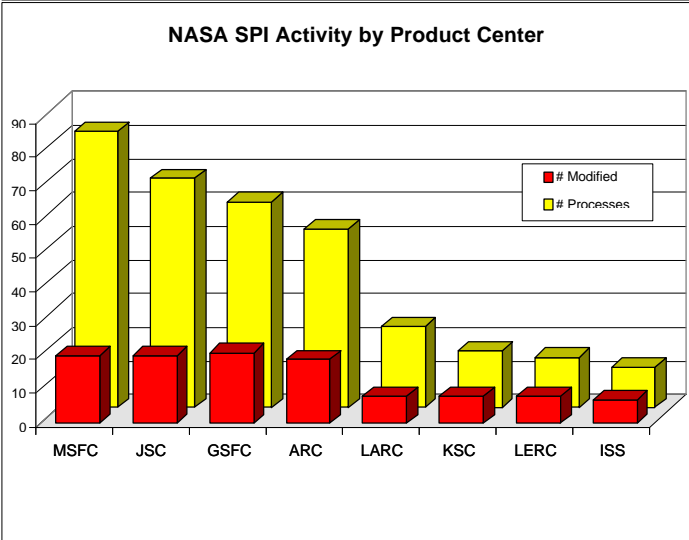
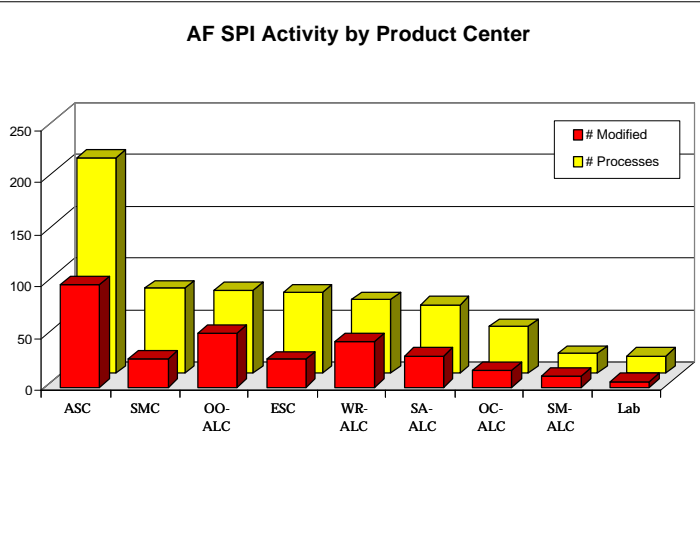
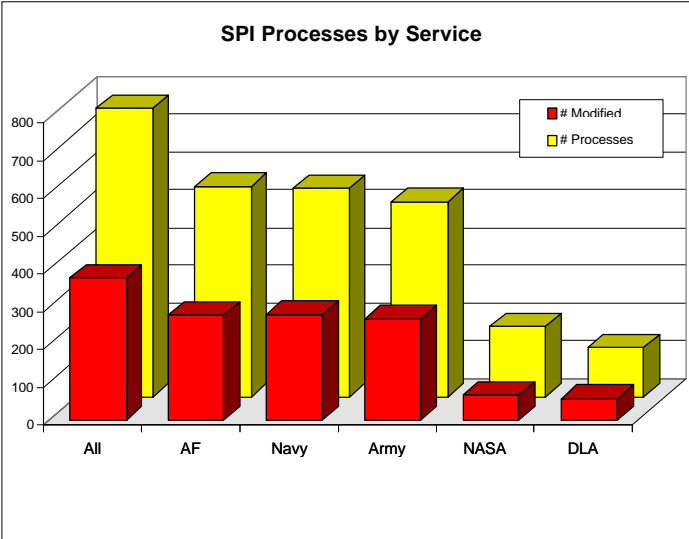
Consideration Requested by Government:	54
Cost Proposals Received:	45
Consideration Finalized:	22
All Actions Complete:	344
Currently Active:	274



Appendix A

APPENDIX B





APPENDIX C

Details on Block Change Modifications Completed During this Reporting Period

<u>Contractor</u>	<u>Old Process</u>	<u>New Process</u>
Avtron Manufacturing, Inc, Cleveland, OH	MIL-I-45208	ISO-9000 based Inspection System
Bell Helicopter Textron, Ft. Worth, TX	MIL-STD-100 Configuration	Modified commercial drawing procedures
Fuel Systems Textron, Zeeland, MI	Packaging contract requirements	Unique process based on commercial STDs
G.E. Aircraft Engines, Cincinnati, OH; Lynn, MA; Arkansas City, KS	MIL-STD-2000A, Soldering MIL-T-83133, Turbine Fuel, Aviation, Grade JP-8 MIL-T-5624, Turbine Fuel, Aviation, Grade JP-4&-5	ANSI/J-STD-001A Industry Soldering Standard Add "et. al." to all Standard contract citations Add "et. al." to all Standard contract citations
General Dynamics Land Systems, Warren, MI; Lima, OH; Scranton, PA	Security	Outsource Security function
General Motors Diesel Division, London, Ontario, Canada	Govt review/acceptance of tech data package	Contractor process
Hamilton Standard Division of UTC, Windsor Locks, CT	MIL-Q-9858, NHB 5300.4, MTO802-101 SSP-41173 MTO 802-101	ISO-9001 based Quality System ISO-9001 based Quality System ISO-9001 based Quality System
Hughes Missile Systems Company, Tucson, AZ	DOD-STD-6055.9, DOD-M-4145.26, AFM 91-201 MIL-STD-1528A, Manufacturing Mgmt Pgm Labor Surplus Area requirements FAR/DFAR clauses on subcontractor flowdown rqmts Old TINA and CAS thresholds MIL-STD-1695 Environmental Working Standards	Site Safety and Environmental Program Common Manufacturing Plan Labor Surplus Program Standardized FAR/DFARS Flowdown clauses Use \$500k TINA and CAS thresholds for subs Contractor's Environmental Control Practice
Hughes Space & Communications Company, El Segundo, CA	MIL-STD-45662A Calibration	ANCI/NCSL Z540-1-1994
Hughes Training Inc., Herndon, VA	MIL-Q-9858A, MIL-I-45208, Quality	ANSI/ISO/ASQC Q9001
ITT Aerospace/Communications Division, Fort Wayne, IN	Govt Rqmt for removal of soldering flux	Contractor's No-clean Flux Soldering Process

<u>Contractor</u>	<u>Old Process</u>	<u>New Process</u>
ITT Defense & Electronics, Van Nuys, CA	MIL-STD-2000 Soldering MIL-STD-454	ANSI/IPC-A-610 ISO-9001 based Quality System
Kurt Manufacturing Company, Minneapolis, MN	MIL-I-45208 Quality System	ISO-9002 based Quality System
Lockheed Martin Aeronautical Systems, Marietta, GA	MIL-Q-9858A	ISO-9001 based Quality System
Lockheed Martin Electro-Optical Systems, Pomona, CA	MIL-STD-2000 Soldering	Contractor's Specification LMPS 10.803
Lockheed Martin Government Electronic Systems, Moorestown, NJ	MIL-E-15090 Enamel Paint, TT-P-1757A, Zinc Chromate Primer	Use Commercial Paint & Primer
Lockheed Martin Missiles & Space, Sunnyvale, CA	NISPOM MIL-STD-1785	Adopt Dedicated Security program System Security Engineering
Lockheed Martin Sanders, Nashua, NH	MIL-Q-9858, MIL-I-45208, MIL-STD-1520/-1535	Contractor's Quality Manual AM9001
Lockheed Martin Tactical Communications Sys Salt Lake City, UT	MIL-SPEC Ceramic Active Devices	Use non-MIL-SPEC plastic part active devices when MIL-SPEC vendors are unavailable
Lockheed Martin Tactical Aircraft Systems, Ft. Worth, TX	"SPI Retired" Specs & Stds DOD Acquisition Procedures	SPI Clause to prevent old Specs & Stds from returning into future contract Reqmts & Mods FASA Implementation
Lockheed Martin Western Development Labs, San Jose, CA	MIL-STD-45662, Calibration Systems	ANSI/NCSL-Z540-1
National Airmotive Corporation, Oakland, CA	Multiple procedures for AEP Coatings	Single KTR Procedure for AEP Coatings
Northrop Grumman Aerospace Corp., Great River, NY	MIL-STD-2000A, MIL-STD-454, Soldering MIL-STD-45662 Calibration MIL-STD-1535 Supplier Quality MIL-STD-1520 Non Conforming Material MIL-Q-9858	Best Practices Workmanship Manual ANSI/NCSL Z540-1, ISO-10012-1 ANSI/NCSL Z540-1, ISO-9001-4.6 ISO-9001 Existing command media ISO-9001 based Quality System

Contractor

Olin Ordnance, St. Petersburg, FL

Pratt & Whitney

West Palm Beach, FL; East Hartford, CT

SAIC, San Diego, CA

SCI Systems, Inc. Huntsville, AL

Sikorsky Aircraft Corporation, Stratford, CT

Soladyne, San Diego, CA

Tracor Flight Systems, Inc., Austin, TX

Tracor Systems Division, Austin, TX

TRW Space and Electronics Group (S&EG),
Redondo Beach, CA

United Defense LP, Armament Systems Div.,
Minneapolis, MN

Westinghouse Electric Corporation,
Baltimore, MD

Old Process

Contractual requirement for gathering SPC data

Monthly reporting of financial oversight

Contractor Billing Requirements

MIL-Q-9858, MIL-I-45208, MIL-STD-1535/-1520

Component/System Qualification (Alt Source Only)

MIL-P-55110, Quality

MIL-Q-9858A

MIL-Q-9858A

C/SCSC - Cost Data Reporting

MIL-STD-2000, 2000A, MIL-S-45743

Subcontracting Small Business Plans

New Process

Industry standard to gather SPC data

Reduce contract financial oversight & rpts
by transitioning to qtrly

Submit billing vouchers directly to DFAS

ISO-9000 based Quality System

Contractor/Govt Review Board

IPC-HF-318 & IPC-L-12

ISO-9001 based Quality System

ISO-9001 based Quality System

Contractor Process

ANSI/J-STD-001 Soldering

Comprehensive Subcontracting Plan

APPENDIX D

Details on New Contractors During this Reporting Period

<u>Contractor</u>	<u>Old Process</u>	<u>New Process</u>
Alliant Techsystems, Inc., Hopkins, MN	SF 1432, Federal Property Act Reqmt	Amend Act-Special Tooling Exception
Honeywell MAvD, Clearwater, FL	Subcontracting Business Plans	One Comprehensive Small Business Subcontracting Plan
Hughes Aircraft Company - Naval & Maritime Systems (NAMS), Los Angeles, CA	MIL-Q-9858, MIL-I-45208, MIL-STD-4566/-1520/-1535	ISO-9000 based Quality System
Hyperox Technologies, San Diego, CA	MIL-I-45208A	KTR Equivalent Quality System
Lockheed Martin Federal Systems, Manassas, VA	MIL-Q-9858A, MIL-I-45208, DOD-STD-2168	ISO-9001 based Quality Mgmt System
Raytheon E-Systems, St. Petersburg, FL	FAR 45.401 and 402, Right to Use GFP	KTR use of GFP non-interference basis
SAIC, San Diego, CA	Contractor Billing Requirements	Submit billing vouchers directly to DFAS
Sierra Nevada Corporation, Sparks, NV	MIL-Q-9858, MIL-I-45208, MIL-STD-4566/-1520/-1535	ISO-9000 based Quality System
Sundstrand, Rockford, IL	DCMC 100% Class II ECP Review	DCMC Sampled Review of Class II ECPs
Systems and Electronics, St. Louis, MO	MIL-STD-45662 Calibration	ANSI Z540-1
Tracor Aerospace Systems, Inc., Austin, TX	MIL-Q-9858A and MIL-I-45208	ISO-9001 based Quality System

Company Acquisitions: New Contractor Names, Same SPI Efforts

<u>New Contractor Name</u>	<u>Former Contractor Name(s)</u>
Hughes Sensors & Communications Systems Sector (SCS), El Segundo, CA	Hughes Aircraft Company - Radar Communications Systems Hughes Aircraft Company - Electro Optical Systems
Lockheed Martin Electronics Defense Systems, Yonkers, NY	Lockheed Martin Fairchild Defense Systems, Yonkers, NY

APPENDIX E

Details on New Concept Papers/Processes During this Reporting Period

<u>Contractor</u>	<u>Old Process</u>	<u>New Process</u>
Alliant Techsystems, Inc., Hopkins, MN	SF 1432, Federal Property Act Reqmt	Amend Act-Special Tooling Exception
Boeing N. American, Space Sys Div. (SSD), Downey, CA	FAR 52.244-2	Eliminate reqmt for Gov't approved purchasing system & ACO prior consent
EFW, Inc., Ft. Worth, TX	MIL-STD-2000/-2000A/-454/-45743, WS6536	ANSI/J-STD-001 Class III Soldering
G.E. Aircraft Engines, Cincinnati, OH; Lynn, MA; Arkansas City, KS	FAR 52-204-2 Security Requirements FAR 52-203-8,9,10,13, FAR 52.212-3 Procurement Integrity MIL-STD-410E, Non-Destructive Testing Personnel Qualification & Certification MIL-STD-271/-453, Inspection, Radiographic MIL-I-6870, Inspection Program Reqmts	Nat'l Security Pgm Operating Manual (NISPOM) Update FAR 52.203-8,10, 52.212-3 & remove FAR 52-203-9 & -13 w/out replacement Internationally recognized NDE standards ASNT SNT-TC-1A, -CP-189, NAS 410 Contractor's ASTM E 1742 based process Contractor's Non-Destructive Testing process based on National NDE Standards
GEC-Marconi, Wayne, NJ	MIL-STD-2000, -2000A, -454 Replace Annual CPSR	ANSI/J-STD-001A Class 3 Soldering ISO-9001 Internal Audit procedures
Honeywell MAvD, Clearwater, FL	Subcontracting Business Plans	One Comprehensive Small Business Subcontracting Plan
Hughes Aircraft Company - Naval & Maritime Systems (NAMS), Los Angeles, CA	MIL-Q-9858, MIL-I-45208, MIL-STD-4566/-1520/-1535	ISO-9000 based Quality System
Hughes Defense Communications Company, Ft. Wayne, IN	MIL-P-55110 Printed Boards MIL-STD-965B (Parts Control Program)	Commercial Spec IPC-A-600, Rev E Contractor's internal procedure 8-1-3
Hughes Missile Systems Company, Tucson, AZ	MIL-STD-1695 Environmental Working Standards	HMSC Work Area Environmental Control Practice 09-00-030
Hyperox Technologies, San Diego, CA	MIL-I-45208A	KTR Equivalent Quality System
Lockheed Martin Aeronautical Systems, Marietta, GA	Current subcontract flowdown requirements Contractor Billing Requirements, FAR 52.216-7	Enable SPI & FASA Subcontractor flowdown Submit billing vouchers directly to DFAS

<u>Contractor</u>	<u>Old Process</u>	<u>New Process</u>
Lockheed Martin Electro-Optical Systems, Pomona, CA	MIL-STD-130 Marking, Circuit Boards & Assys	Contractor's Specification LMPS 10.805
Lockheed Martin Electronics and Missiles, Orlando, FL	MIL-C-48168 Single Part Paint	MIL-C-53039 Chemical Resistant Coating
Lockheed Martin Ocean Radar and Sensor Systems, Syracuse, NY	MIL-STD-100, MIL-T-31000	Contractor's engineering drawing practices for generating Technical Data Packages
Lockheed Martin Western Development Labs, San Jose, CA	MIL-STD-45662, Calibration Systems	ANSI/NCSL-Z540-1
McDonnell Douglas Helicopter Systems, Mesa, AZ	FAR and DFARS Supplier Representations & Certs	Comprehensive Sub and Supplier Representations & Certs
Raytheon E-Systems, Inc., Waco, TX	Fueled Aircraft in Hangers	Substitution of National Fire Protection Assoc Standards (NFPAS)
Raytheon E-Systems, St. Petersburg, FL	FAR 45.401 and 402, Right to Use GFP	KTR use of GFP non-interference basis
Rockwell - Collins Avionics and Comm Division., Cedar Rapids, IA	FAR 52.212-4 Contract Terms and Conditions - Commercial Items	Contractor's Tailored Conditions of Sale
SAIC, San Diego, CA	Contractor Billing Requirements	Submit billing vouchers directly to DFAS
Sierra Nevada Corporation, Sparks, NV	MIL-Q-9858, MIL-I-45208, MIL-STD-4566/-1520/-1535	ISO-9000 based Quality System
Sikorsky Aircraft Corporation, Stratford, CT	MIL-F-18264 Environmental MIL-STD-965 Parts Control Program Materials & Process Specification Index SS7777 Component/System Qualification (Alt Source Only)	SS8521 General Spec for Organic Finishes KTR's Parts Management Program KTR's Change release process Contractor/Govt Review Board
Sundstrand, Rockford, IL	DCMC 100% Class II ECP Review	DCMC Sampled Review of Class II ECPs
Systems and Electronics, St. Louis, MO	MIL-STD-45662 Calibration	ANSI Z540-1

APPENDIX F

APPENDIX G

APPENDIX H

APPENDIX I

APPENDIX J

APPENDIX K

Honored Guests
SPI Management Council Award Ceremony
March, 17, 1997

Dr. Kenneth Oscar
Deputy Assistant Secretary of The Army For
Procurement

BG Daniel Montgomery, USA
Program Executive Officer, Air and Missile Defense

MG Joe Anderson, USMC
Vice Commander, NAVAIR

Dr. Daniel Mulville
Chief Engineer, NASA Headquarters

Mr. Dave W. Welp
Executive Vice President
Texas Instruments, Dallas, TX

Lynn Dugle
Vice President DS&E
Texas Instruments, Dallas, TX

Mr. Fred Finley
Vice President, Systems and Software
Texas Instruments, Dallas, TX

Mr. Bill Bullock
President
Lockheed Astronautics, Marietta, GA

Mr. Jim Dever
Vice President, Contracts
Hughes Missile Systems Company, Tucson, AZ

Mr. Jim Lake
Vice President, Operations And Product Support
Boeing North American, Autonetics and Missile
Division

Mr. Joe Garrett, Jr.
Vice President, Marketing Operations-Business
Development
Boeing Defense And Space Group, Washington, DC

Mr. Thad Moore
Vice President, Missiles And Electronic Products
Boeing Defense And Space Group, Washington, DC

Dr. John Little
Vice President And Program Director, THAAD
Lockheed Martin Missile and Space, Sunnyvale, CA

Mr. Pete Woglom
Vice President And General Manager
United Defense Limited Partnership, York, PA

Mr. Andrew Cowdrey
Commercial Director
Gec-Marconi Avionics, United Kingdom

APPENDIX L

NASA Quarterly Report Executive Summary

This summary provides a comparison of SPI activity from last quarter to the current quarter for those contractors where NASA is a customer. As depicted on the enclosed NASA Summary Report, our database reflects the following NASA SPI activity:

	<u>% Change</u>	<u>March 31, 1997</u>	<u>December 31, 1996</u>
Proposed processes	35%	187	139
Processes modified	154%	66	26
Contractors participating	-4%	25	26
Companies with modifications	75%	21	12
Average cycle-time	29%	133	103

The decrease in participating contractors is due to the consolidation of two Hughes Aircraft Company facilities into one business section (refer to Appendix D). The increase in NASA SPI cycle-time is due to the DFAS Mega Center backlog of ARZ block change modifications described in the statistics section of the quarterly report.

NASA Summary Report *As of: Thursday, March 27, 1997*

Contractors Which Have Submitted Concept Papers: 25
 Key Customer Notification Complete: 24
 Component Team Leaders Identified: 20
 Total Concept Papers Received: 181
 Concept Papers Withdrawn: 28

***Concept
Papers***

**Proposal
Development:
Concept Paper
(30 Days)**

Concept papers may contain multiple processes

Total Proposed Process Changes: 187

Number Initially Accepted : 174

Not Accepted Within 30 Days of Initial Submission: 6

**Approval Cycle:
Customer
Notification and
Agreement/
Resolution of
Differences
(60 days)**

Found Technically Acceptable: 95

Found Unacceptable: 1

Components objecting

AF	Army	Navy	DLA	DCMC	NASA
1	2	2	0	6	1

Disagreements/Problems Escalated: 0

Not approved within 60 days of Mgt Cncl Acceptance: 33

**Modification
Issuance:
Negotiation of
Consideration
(30 Days)**

Processes Modified: 66

Not Modified within 30 days after Tech Acceptance: 8

Average Days From Submittal to Mod: 133

Consideration Requested by Government: 5

Cost Proposals Received: 3

Consideration Finalized: 0

All Actions Complete: 61

Currently Active: 92

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